

Cooperative Light & Power
Two Harbors, Minnesota

Regular Meeting of the Board of Directors

1.

A regular meeting of the Cooperative Light & Power (CLP) Association of Lake County Board of Directors was held at the Office of the Association at Fifteen Fifty-Four, Highway Two, on Wednesday, October 26, 2022, with the participation of Scott Veitenheimer, Pat Schmieder, Roger Peterson, Kyle Weideman and Steve Josephson.

Five directors were present at the time the meeting was called to order at 9:01 am. Also present for the meeting were Interim CEO Steve Shurts, incoming CEO Joel Janorschke as a guest, Marketing Manager Carey Hogenson, Business Manager Kevin Olson, Operations Manager Brian Bentler, CLP Attorney Chad Felstul by means of video conference, Sherry Fabini to take the minutes, three member-owners in person and three member-owners by means of video conference.

2.

Scott Veitenheimer asked if there were any additions to the agenda. Pat Schmieder asked Steve Shurts for an update on the Right of Way (ROW). She wants a discussion of the issues on the ROW that were brought up last month. Scott Veitenheimer requested that before adjournment they thank Steve Shurts for his service and welcome Joel Janorschke to CLP.

3.

A motion was made by Roger Peterson and seconded by Pat Schmieder to approve the agenda as modified. Motion passed.

4.

A motion was made by Kyle Weideman and seconded by Steve Josephson to approve the September 28, 2022, minutes as modified. Roll call. Pat, no. Kyle, yes. Steve, yes. Roger, yes. Scott, yes. Minutes were approved as amended. Motion passed.

Present

Additions to
the Agenda

Agenda

Minutes

Secretary

<p style="text-align: center;">5.</p> <p>The consent agenda consisting of the following was reviewed. A motion was made by Kyle Weideman and seconded by Roger Peterson to accept the consent agenda. Motion passed.</p> <ul style="list-style-type: none"> • Applications and Terminations • Monthly Payments • Correspondence <p>Application for Membership and Termination of Electric Service were presented for consideration.</p> <p>NEW SERVICE-7</p> <p>TRANSFER OF OWNERSHIP-23</p> <p>TERMINATION OF MEMBERSHIP (Name Change Only)-7</p> <p>TERMINATION OF MEMBERSHIP-21</p>	<p>Consent Agenda</p> <p>Applications and Terminations</p>
<p style="text-align: center;">6.</p> <p>Member Geoff Tolley addressed the Board. He wanted to clarify his previous remarks on state statute regarding cooperative director count. He didn't say CLP was necessarily right or wrong on decisions that were made, but whether it could be perceived as wrong. Next Geoff talked about his proposal to the Board on redistricting and wanting to inspect the current membership list, or receive a copy, with names redacted, in order to assess it for any difficulties in address matching. Scott Veitenheimer stated that he does not feel comfortable giving out the membership list to any members. Per the By-Laws, the Cooperative membership list may be inspected by a member, upon request, at the annual meeting. The Board has recently decided that a member will only be allowed to inspect the list, with no copies or reproductions allowed. Two members that were at this meeting also stated that they did not want their information shared with anyone. The Board agreed that a discussion on redistricting will take place later in the meeting. Lastly Geoff wanted to express his thanks to Steve Shurts.</p> <p>Member Jim Allen was next to talk. He stated his appreciation to Steve Shurts for his service and welcomed Joel Janorschke to CLP. He shared his experience he had with his ROW in October 2020. He would like better communication when it comes to the ROW. He would like to see better policies in place and for CLP to inform</p>	<p>Members Address the Board</p> <hr/> <p>Secretary</p>

members of their options. Business Manager Kevin Olson stated that communications will continue to improve. He added that there was a lot of mixed feedback on the robo-calls from members. Some were confused by the call, some appreciated them, and others prefer not to be bothered with them again. Next spring members who would like to opt out will need to provide their parcel ID numbers for clarification. This should resolve communication mishaps. Kevin stated that he too believes that we need a new ROW policy that provides clarification of CLP's practices and expectations of our members, as well as improved communication.

Member Julie Johnson was next on the agenda to speak. She thanked the Board for their work, time and research and thanked Steve Shurts for addressing her concerns by calling and emailing her husband and her so promptly. When the Johnson's received the robo-call they responded right away and called to opt out of spraying partly because they had recently purchased a parcel of land six months ago with a ROW that was scheduled to be sprayed and the opt-out procedure was new to them. She and her husband have heard the stories about how things have gone wrong in their opinion. They have the time and the equipment to do their own right of way clearing. They opted out of herbicide application but wanted to know what they that required them to do. She emailed the Board and Steve Shurts on her concerns and expectations. She believes that communication and linemen safety are the most important concerns. Due to a conflict in her schedule, she regretfully missed the prior board meeting where Central Applicators were on hand to discuss their ROW practices. After listening to other members, the Board, and employees of CLP, she was reassured and believed this can be done the right way. Her short-term goal is to learn what their responsibility is for doing their own right of way. Long term goal would be for CLP to do it. She needs the confidence to know who is doing the maintenance. She is not anti-spray, she just wants it done the right way.

7.

A motion was made by Roger Peterson and seconded by Steve Josephson to accept the financials. Steve Shurts stated that GRE's margins for 2022 are exceptional. GRE is giving back a portion of its excess margin to all members via a credit on their bill in December. Since rates are increasing in 2023, GRE is also using a portion of the excess margin to soften the increase. The primary cause of the increase in GRE rates is the increase in MISO prices the past two years. GRE is reducing the demand rate and increasing the energy rate. This will impact each GRE member

Financials

Secretary

<p>cooperative differently. Financial report was accepted. Motion passed.</p> <p style="text-align: center;">8.</p> <p>Business Manager Kevin Olson gave a brief report on Davey Resource Group’s work regarding our Right of Way. They are doing a “boots on the ground” aspect study, which is unbiased, independent, and accurate. They use data collected from their study to estimate the cost of implementing an Integrated Vegetation Management (IVM) for our ROW. They have covered 65 miles of inspections on overhead lines and tree terrains randomly sampled. The stratification is divided into four zones, Island Lake, Waldo, Finland, and the North Shore. They look at each of these zones and how the lines are fed and are leaving the substations. They are now working on the underground areas. They are making good headway doing their random checks. Operation Manager Brian Bentler and Kevin pointed out some of the worst areas so they could look at those data points. After this is completed, we will receive the data. We will see what combinations of mechanical and herbicide maintenance is necessary and how to proceed with cycled IVM. Kevin believes the Board is going to be very surprised at how expensive this will be.</p>	<p>Manager’s Report</p>
<p style="text-align: center;">9.</p> <p>Marketing Manager Carey Hogenson talked to the Board about the Rural Electric Youth Tour to Washington D.C. CLP has not sponsored this event in a couple years due to covid and low participation. The cost of this trip has increased. It will be \$3,300.00 per student. Low participation was due to the fact that only one student could be selected. After much discussion the Board decided that it would be better to sponsor two students instead of one.</p> <p>A motion was made by Kyle Weideman and a seconded by Steve Josephson to sponsor two students to attend the Rural Electric Youth Tour in Washington D.C. Motion passed.</p>	<p>Rural Electric Youth Tour to Washington, D.C.</p>
<p style="text-align: center;">10.</p> <p>GRE is requesting a Form of Resolution to Vote in Favor of Prairie Island Energy, LLC Power Purchase Agreement.</p> <p>A motion was made by Steve Josephson and seconded by Kyle Weideman to vote in favor of the Prairie Island PPA. Roll Call. Pat, yes. Kyle, yes. Steve, yes. Roger, yes. Scott, yes. Resolution approved.</p>	<p>Form of Resolution</p> <p>_____</p> <p>Secretary</p>

11.

Director of Operations Kristi Robinson and Rachel Hockert from Star Energy Services were requested to join the meeting to discuss a four-year work plan for our cooperative. This is required to obtain loan funds from Rural Utilities Service (RUS). We need to have a systematic work plan that is pulled together that outlines capital spending improvements to the distribution grid. As work is done and inspected by a professional engineer, CLP can turn projects in for reimbursement. CLP cannot draw on the loan until projects are done nor get a loan without a work plan in place.

Construction of a work plan involves financial forecasts, long range plans, load planning, capital budget and designing and building. Kristi and Rachel presented to the Board a summary of the overview, non-site-specific projects with all the different codes that RUS would need, the capital spending and the costs. The four-year plan is \$6,675,000.00 which averages \$1.7 million dollars a year.

RUS loans are paid monthly. When drawing on a loan it is locked into the current interest rate at that time.

A motion was made by Kyle Weideman and seconded by Roger Peterson to approve the work plan as recommended by Star Energy Services. Motion passed.

Star Energy
Services

12.

Steve Shurts thanked the Board for his time here. Scott Veitenheimer reported on the GRE October Board meeting. He stated that there was a three-hour presentation overview on the 2023 budget. Two resolutions were reviewed. The first one being modifications to the customer-specific rate for the electric vehicle fast charging pilot. This will increase the total maximum demand to one MW; to remove the limit of two pilot participants per member cooperative and to extend the pilot term through December 31, 2029. The second resolution was Prairie Island Energy, LLC power purchase agreement as a renewable member source for Dakota Electric Association. This resolution includes GRE board authorization to seek the required approval of the all-requirements members for the Prairie Island Energy, LLC power purchase agreement.

Finances are doing well. Margins are strong. GRE assets continue to do well in this volatile market. The upcoming November Board meeting will have several resolutions: approval of the final 2023 budgets, the 2023-2024 strategic plan approval and potential use of eminent domain to acquire land rights for

GRE Board
and MMG
Meeting

Secretary

<p>transmission lines and substations in Minnesota for 2023 transmission line capital projects.</p>	
<p style="text-align: center;">13.</p> <p>A motion was made by Roger Peterson and seconded by Steve Josephson to approve the resolution of Capital Credit Retirement of Early Estates. Roll call. Pat, yes. Roger, yes. Kyle, yes. Steve, yes. Scott, yes. Motion passed.</p>	<p>Resolution Capital Credits Retirement</p>
<p style="text-align: center;">14.</p> <p>A motion was made by Steve Josephson and seconded by Kyle Weideman for 2022 write off approval for bad debt. Motion passed.</p>	<p>2022 Bad Debt Write-Off</p>
<p style="text-align: center;">15.</p> <p>A motion was made by Pat Schmieder and seconded by Roger Peterson to accept letters of understanding from Unions. Motion passed.</p>	<p>Letters of Understanding</p>
<p style="text-align: center;">16.</p> <p>Business Manager Kevin Olson reported to the Board information on the Survey and Ballot System (SBS) that Carey and he are working on, specifically what it would take and the cost to have a hybrid annual meeting. SBS is used by many Cooperatives and knows how to run Annual Meeting elections. A three-prong approach was presented. This means members could still vote in person at the Annual Meeting, vote electronically after members receive all information by postal service, and vote by mail-in. The earliest CLP could offer Hybrid elections would be 2024. Bylaws would need to be changed.</p>	<p>Hybrid Elections</p>
<p style="text-align: center;">17.</p> <p>Discussion on redistricting resumed. Steve Josephson does not want redistricting. He explained that directors from different districts represent the whole Coop, not just their district. Pat Schmieder would like redistricting to get districts with equal numbers of members in each to correct the current imbalances. Kyle Weideman does not want redistricting. Roger Peterson can see both sides of this but does not want redistricting due to issues regarding member geographic representation. A lot of discussion</p>	<p>Redistricting</p> <hr style="width: 100%; margin-top: 20px;"/> <p>Secretary</p>

ensued. Scott Veitenheimer asked the Board if they could table this discussion until the December Board meeting so each director can think about it. The directors agreed to table the topic until December.

18.

The Board discussed the date for the next Board meeting. The date is set for Tuesday, November 22, 2022, at 9:00 a.m.

Upcoming Meeting

19.

There being no further business to come before said meeting, adjournment was called for at 1:15 p.m. with a motion from Pat Schmieder and a second by Steve Josephson. Motion carried.

Adjournment

Roger Peterson, Secretary

CORPORATE SEAL

Secretary